

EXHIBIT 16

DOUG STANEART
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

THE LEADER'S INSTITUTE, LLC)
and DOUG STANEART,)

Plaintiffs and)

Counter-Defendants,)

VS.) Case No. 3:14-cv-03572-B

ROBERT JACKSON and MAGNOVO)
TRAINING GROUP, LLC,)

Defendants and)

Counter-Plaintiffs.)

ORAL AND VIDEOTAPED DEPOSITION OF

THE LEADER'S INSTITUTE

BY AND THROUGH ITS DESIGNATED REPRESENTATIVE

DOUG STANEART

JULY 7, 2016

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CONTAINS ATTORNEYS' EYES ONLY PORTIONS

(PAGES 24-29 & 93-124)

JOB NO. 109903

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2 ORAL AND VIDEOTAPED DEPOSITION of THE LEADER'S
3 INSTITUTE, by and through its designated representative
4 DOUG STANEART, a witness produced at the instance of the
5 Defendants and Counter-Plaintiffs, taken in the
6 above-styled and numbered cause on the 7th day of July,
7 2016, from 9:22 a.m. to 4:43 p.m., before Stacy L.
8 Jordan, a CSR in and for the State of Texas, Registered
9 Professional Reporter and Certified Realtime Reporter,
10 taken in the offices of Klemchuk, LLP, 8150 North
11 Central Expressway, 10th Floor, Dallas, Texas 75206, in
12 accordance with the Federal Rules of Civil
13 Procedure.

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2 three, four, five, six, seven, eight, nine -- 10 things
3 to do with your graduates after they finish that will
4 help you collect -- get more repeat business from them
5 on the coach -- doing coaching sessions with them and
6 showing them how to go and meet with them one-on-one.
7 It shows -- tells them how to do a coaching session with
8 them and gives six, seven, eight different steps there.

9 There's a whole section here on how to
10 prospect for new classes, so how to get a corporate
11 class from -- from an individual that's attending one of
12 your classes. There's one, two, three, four, five, six,
13 seven, eight, nine, 10, 11, 12, 13, 14, 15, 16, 17 -- 17
14 things that you can do with each individual person
15 that's in a class to -- to do it. That's just for
16 Fearless Presentations.

17 There's also a whole section in here on
18 looking for a niche group, so basically, how to -- how
19 to take the people that are in your group, find
20 something that's a niche and then become the expert in
21 that. It tells how to do face-to-face meetings with --
22 with clients, and there's one, two, three, four, five,
23 six, seven, eight, nine, 10 -- 10 different things that
24 you can do in a face-to-face meeting to help get repeat
25 business.

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2 Q. Okay.

3 A. So...

4 Q. You've explained --

5 A. And then there's the team-building side, as
6 well.

7 Q. Sure. And -- and you've explained what the
8 step-by-step -- and I guess I'll read about it in the --
9 when I have a chance to look at the corporate handbook.

10 Well, what evidence do you have -- I know
11 you have a belief or a suspicion that they're using it.
12 What evidence do you have that they are using it?

13 A. Well, up until the -- the -- the -- up until
14 the last few minutes, I haven't been able to look at any
15 documents that -- that they've sent to us, so I can't
16 answer that question. I have a -- I have a strong
17 belief based on circumstantial evidence. I don't know
18 what evidence has been collected at this point.

19 Q. Okay. Well, you filed the lawsuit on -- in
20 state court -- I believe it was in September of 2013.
21 Does that sound right -- about right?

22 A. Right.

23 Q. Cynthia Cook was your attorney at the time?

24 A. Correct.

25 Q. Lead counsel. I think she's on the pleadings

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2 in this case, as well.

3 And in that lawsuit, you alleged theft of
4 the TLI corporate handbook. Do you recall that?

5 A. That I alleged what of the TLI corporate
6 handbook?

7 Q. That --

8 A. I didn't hear the --

9 Q. That my clients --

10 A. -- the whole question.

11 Q. -- had stolen or -- or had misappropriated
12 your corporate handbook. Correct?

13 A. Correct, yes.

14 Q. And at that time, they were not a
15 million-dollar company, were they? They'd just started.

16 A. No, they were not.

17 Q. Okay. So what circumstantial evidence did you
18 have at that time that somehow they were using your
19 corporate handbook?

20 A. They --

21 MR. SORDEN: Before you answer the
22 question, I want to make sure there's no waiver.

23 I don't want you to disclose any
24 attorney-client communications or work product --

25 MR. MARCONI: That's fine.

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2 MR. SORDEN: -- between you and Ms. Cook
3 or any of the associates of -- of --

4 MR. MARCONI: That's --

5 MR. SORDEN: -- Ms. Cook at the time.

6 MR. MARCONI: That's fine.

7 MR. SORDEN: You're free to answer
8 otherwise regarding the facts and circumstances --

9 THE WITNESS: I don't think I have to --

10 MR. SORDEN: -- around your allegations.

11 A. The -- Colette Johnston was sent the TLI
12 corporate handbook about three or four months prior to
13 her resigning, and she never returned it. We asked her
14 to return it, and she didn't. She refused. In fact,
15 she -- she request- -- she requested that we -- that we
16 do all communications with her attorney. And we
17 requested of her -- her attorney, and the attorney
18 refused to return the -- the TLI corporate handbook, and
19 so we filed the lawsuit for that, so...

20 Q. (BY MR. MARCONI) Well, it's funny -- and
21 maybe you can -- you can help me out with this, but
22 I've -- I've looked for -- for something as -- as --
23 that you consider to be as critical a trade secret as
24 the corporate handbook, I would have thought that I
25 would have seen e-mails to her or letters to her counsel

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2 A. -- ever said -- ever --

3 Q. That you guys are --

4 A. -- sent us --

5 Q. -- the problem.

6 A. Yeah, actually, the -- at one time, the
7 Build-A-Bear company, the -- the -- the folks who make
8 the bears at the -- at the mall, they sent a -- they
9 sent a cease-and-desist letter to us. And I responded
10 with my federal trademark registration, and -- and they
11 never pursued, so...

12 Q. And they were complaining about Build-A-Bear
13 or Build- --

14 A. Build-A-Bike.

15 Q. -- A-Bike? Build- --

16 A. Yeah, they said that Build- -- they said that
17 Build-A-Bike was their trade address -- or the -- the
18 "A," dash, with the dashes, was their trade address,
19 so -- but once I sent them our registration, I never
20 heard from them again. As far as I know, that's the
21 only company that's ever said that they were the owners
22 of "Build-A-Bike."

23 Q. All right. Number 21, it asks for all actions
24 taken by plaintiffs or anyone acting on your behalf to
25 stop/attempt to stop any and all third parties from

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2 using the phrase "Build-A-Bike" and/or "BUILD-A-BIKE" at
3 any time in which TLI has been an active operation.

4 Well, we have this lawsuit, so that's one
5 action taken by plaintiffs. Any other actions taken by
6 plaintiffs other than cease-and-desist letters, to which
7 you've already testified?

8 A. Yeah, the -- the only thing that -- the only
9 instance that somebody has refused to comply with the
10 cease-and-desist was a company called TeamBonding.

11 Q. Okay.

12 A. And that's a -- that suit is -- that suit --
13 I'm --

14 MR. SORDEN: I'm going to caution you not
15 to -- to disclose any attorney-client or work-product
16 privilege. But to the extent you can testify to facts
17 surrounding that lawsuit, you're free to say the same.

18 THE WITNESS: Can we go off record for a
19 just second?

20 MR. MARCONI: Sure.

21 THE WITNESS: Okay.

22 THE VIDEOGRAPHER: Going off record at
23 2:34 p.m.

24 (Recess taken from 2:34 to 2:35 p.m.)

25 THE VIDEOGRAPHER: We're back on record

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2 at 2:35 p.m.

3 MR. SORDEN: Counsel, my client sought
4 a -- a ruling on whether -- whether he wanted to say
5 attorney-client privilege or work-product privilege. I
6 instructed him what his answer would be -- what -- you
7 know, what would be privileged and what would not be
8 privileged, and at this point in time, you can reask the
9 question and he can answer it.

10 MR. MARCONI: Well, the -- I can't
11 remember what the last question was, but let me see if I
12 can --

13 A. I can give you the answer.

14 MR. SORDEN: I believe it was the --

15 Q. (BY MR. MARCONI) Sure.

16 MR. SORDEN: -- outcome of the
17 TeamBonding --

18 Q. (BY MR. MARCONI) I guess the status of the
19 TeamBonding lawsuit --

20 A. Yeah, it's my understanding that there has --
21 that we've come to a settlement in that case.

22 Q. Has the settlement been reduced to writing?

23 A. It's in -- it's in the process of --

24 MR. SORDEN: No waiver?

25 MR. MARCONI: No waiver.

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2 MR. SORDEN: You can answer the question.

3 A. It's -- it's in the process of -- at this
4 point, yes.

5 MR. SORDEN: And, Counsel, I'll just let
6 you know, once that is reduced to writing and finalized,
7 I'll produce it in this case.

8 MR. MARCONI: Okay.

9 A. Both -- both parties have agreed to the
10 settlement.

11 Q. (BY MR. MARCONI) All right. So really, what
12 you're doing right now is just papering the settlement?

13 A. Correct.

14 Q. But there's no real dispute about what the
15 terms of the settlement are?

16 A. No.

17 MR. SORDEN: No waiver.

18 Q. (BY MR. MARCONI) Do you know what the terms
19 of the settlement are?

20 MR. SORDEN: I'm -- Counsel, I'm a little
21 bit worried about whether it's confidential. Our law
22 firm is not handling the lawsuit, so I don't know what
23 is and what isn't confidential at this point in time
24 regarding those two parties; however, I will -- I will
25 let him answer this question for you --

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2 MR. MARCONI: Let -- let me ask you --
3 let me ask you this: When do you anticipate that the
4 settlement is going to be finalized? I know your firm
5 is not handling it, but --

6 MR. SORDEN: My understanding is within
7 the next week or two. However, I could work with the
8 clients to speed that process up if -- if the status
9 is -- it seems like to me to be papered up can be
10 pretty -- pretty quickly.

11 MR. MARCONI: All right. And I --

12 MR. SORDEN: Secondly, I'll also confirm
13 whether, in fact, it is confidential. At this point in
14 time, it may not be, but I haven't seen it. Just out of
15 an abundance of caution, I want to make -- make a record
16 of it.

17 Q. (BY MR. MARCONI) I'm trying to streamline
18 this a bit. Look at Number 41, if you would, sir, Topic
19 Number 41. And you might as well look at 42 at the --
20 at the same time.

21 MR. SORDEN: And, Counsel, I believe he
22 has in the stack of his documents some -- a document or
23 two that's responsive to 41 and 42.

24 MR. MARCONI: Okay.

25 Q. (BY MR. MARCONI) Can you show me those

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2 THE WITNESS: Right. I'm --

3 A. You know, pre- -- in preparing for -- for
4 testimony today, I would have acc- -- probably accessed
5 it very recently.

6 Q. (BY MR. MARCONI) Okay. Number 16 is: The
7 factual bases for plaintiffs' claim that Jackson and/or
8 Magново allegedly infringed upon plaintiffs' trademarks
9 for BUILD-A-BIKE, Build-A-Bike and/or other
10 substantially similar phrases.

11 When did you send a cease-and-desist
12 letter -- remind me again. What was the date that a
13 cease-and-desist letter was sent on behalf of TLI?

14 A. I believe that was mid-2014 sometime.

15 Q. And who sent that? Do you recall what law
16 firm sent that?

17 A. I believe that was Kristin Harkins.

18 Q. At Conley Rose?

19 A. Conley Rose, yes.

20 Q. Okay. And I can't recall. I should know
21 this, since I was counsel of record in the -- in the
22 Texas lawsuit that Cynthia Cook filed. Was -- was
23 trademark -- trademark infringement was not part of that
24 lawsuit?

25 A. It was not because --

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2 Q. Okay.

3 A. -- at the time that -- sorry.

4 Q. I -- I just want to make sure.

5 A. Yeah, it -- yeah, at the time that we filed
6 the lawsuit, I don't believe there were any trademark
7 infringements.

8 Q. Okay. So when is it that -- when is it that
9 you determined or someone determined for you that
10 Jackson and Magnovo were allegedly infringing your
11 trademarks?

12 MR. SORDEN: No waiver.

13 You may answer this question. I just
14 don't want you to disclose any kind of attorney-client
15 communications.

16 THE WITNESS: I'm not.

17 A. I first came across the -- the term "build a
18 bike" in a -- in kind of a descriptive way on his Web
19 site fairly early on. I would say late 2013.

20 Q. (BY MR. MARCONI) Okay.

21 A. The -- the -- when -- the big one, though, was
22 the Web site "Let's Build a Bike" that popped up. He
23 purchased a Web site in -- we now know that it was in
24 late 2013. And he populated that with over 200
25 instances of the "build a bike" trade name -- or name on

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2 that in different places. It's a small Web site, so it
3 was -- I mean, it was highly populated with the words.

4 What happened was it started popping up in
5 the Google search engine rankings, and it started
6 popping up above mine. So basically, we had The
7 Leader's Institute and my Build-A-Bike Web sites, which
8 have always come up, you know, one, two or one, two,
9 three, something like that, you know, something very
10 high. And now all of a sudden, this "Let's Build a
11 Bike" kind of popped up. I didn't know Jackson owned
12 it. But we -- when I did the research to -- to send out
13 a cease-and-desist, I found out that Jackson was the
14 owner of that. And when I did, that's when we made a --
15 we changed the -- we add the -- I think it was the
16 second amended complaint, to add the Let's Build a Bike
17 to the -- to the Texas district court case.

18 Eventually, we found -- what -- when it --
19 sorry.

20 Q. (BY MR. MARCONI) Let me stop you there, just
21 to make sure that I've got your sequence of events
22 correct. Did -- because there was an amended petition
23 that was filed in the state district court case. And
24 again, my memory is fuzzy on that case because not --
25 not a whole lot happened in it.

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2 Are you saying that in the amended
3 petition in the state court case that you did add
4 trademark claims?

5 A. We did, yes, in the amend- --

6 Q. Okay.

7 A. Yes.

8 Q. I just didn't recall.

9 A. Yeah. In -- in March, though, that's when
10 things really came to -- that's also when I reported
11 them -- reported Magново and Rob to the FBI, was --
12 in -- in March, all of a sudden, I got a notification
13 from Google that my Web site, The Leader's Institute,
14 had been banned from Google. It was what's called a
15 "manual penalty," which is -- it's like the death
16 penalty for a Web site. It's one of those things that
17 is very, very challenging. And -- and I had no idea
18 why. So --

19 Q. And this -- this was March of 2014, to be
20 clear?

21 A. March of 2014, yes.

22 Q. Okay.

23 A. Did I say something -- did I say that
24 differently? So --

25 Q. No. Let me ask you this. I think you

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2 testified -- and I want to make sure I've got my
3 sequence of events. I do recall seeing a -- a
4 cease-and-desist letter in -- I want to say it was from
5 Conley Rose in September or so of 2014. But you believe
6 that there was an earlier one sent than that, or was
7 that the -- or are we talking about the same letter?

8 A. No, we just -- we -- we didn't send a
9 cease-and-desist letter. We -- we actually just added
10 it to the amended complaint because at the time that we
11 filed the original complaint, we weren't aware of any
12 trademark infringements, and --

13 Q. Okay.

14 A. -- there may not have been any. But by the
15 time we filed the second complaint, there were -- I'm
16 talking thousands of --

17 Q. Okay.

18 A. -- different trademark infringements.

19 Q. So then you -- you dismissed -- you nonsuited
20 the petition in the Texas case in -- was it March
21 of 2014? Do you recall what date it was?

22 A. I -- I wouldn't argue with that. I -- I think
23 that sounds reasonable --

24 Q. Okay.

25 A. -- anyway.

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2 Q. And -- and I believe I've seen some testimony
3 from you in another -- maybe in a related matter -- that
4 you did that ostensibly because the FBI told you that
5 they could not continue their investigation of Jackson
6 or Magnovo as long as there was a civil lawsuit --

7 A. It was -- it was secondhand. The FBI agent
8 that was -- that had taken the information from me, she
9 said that -- that's what she told me. So --

10 Q. Okay.

11 A. -- we -- we -- I -- once the trademark stuff
12 kind of came in, I kind -- the -- the district court
13 didn't seem like the proper place, anyway. So it was
14 reasonable to dismiss in district and go to -- to
15 federal court, anyway. And it also gave the FBI a
16 chance to investigate.

17 Q. Okay. We're -- we're going to skip the FBI
18 for -- for today, I think.

19 MR. MARCONI: Aren't we?

20 MR. VAUGHT: Yeah.

21 Q. (BY MR. MARCONI) But -- all right. So we
22 roll along to -- and I think in September a
23 cease-and-desist letter was sent to -- by Conley Rose.
24 I think you mentioned the lawyer's name. Does -- after
25 that letter, did they take down -- did they cease to

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2 folks other than somebody at Magnovo wouldn't have, like
3 Magnovo pictures and stuff like that, that they wouldn't
4 have, so -- unless somebody is --

5 Q. And have you produced documents that show all
6 of that?

7 A. I did. That's what we ref- -- that's what I
8 referenced a few minutes ago that Mr. Vaught said he
9 wanted to --

10 MR. VAUGHT: He'll give us the Bates
11 labels.

12 A. The --

13 MR. MARCONI: Okay.

14 MR. SORDEN: Yeah, it's a big range.

15 MR. MARCONI: I think I -- was this what
16 was produced yesterday or --

17 MR. SORDEN: And to the DOJ about three
18 weeks ago.

19 MR. MARCONI: Okay.

20 Q. (BY MR. MARCONI) Okay. We've talked about
21 this -- and I'm not going to go into it -- this Lisa
22 Smith persona that you created. Have you ever done
23 that? Have you created any other fake persons?

24 A. No.

25 Q. That's the only one you've ever created? Yes

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2 or no?

3 A. I -- I -- I -- I don't create -- I don't
4 create fake persons, no.

5 Q. Well, I mean, Lisa Smith was a fictitious
6 person, wasn't she?

7 A. Correct, yes.

8 Q. Okay. Look at Number 48, if you would. I
9 guess the question is -- is: What mirror -- mirroring,
10 framing, masking and forwarding with masking of
11 Magnovo's or Jackson's Web sites by TLI -- I mean, did
12 TLI or Staneart do?

13 A. I -- I don't really recall the details, but
14 it -- there -- there were some Web sites that I bought
15 that I forwarded over to one of Rob Jackson's Magnovo
16 Web sites.

17 Q. Okay. Let me make sure I understand it.
18 These are Web sites that you purchased --

19 A. Correct.

20 Q. -- that -- what do these Web sites say? I
21 mean, what --

22 A. Nothing. They said nothing. They were
23 just --

24 Q. And you forwarded them over to Rob Jackson's
25 Web sites?

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2 A. Yeah. I think it was the bicycle
3 team-building events, if I recall, Web site.

4 Q. Why would you do that?

5 A. I don't remember. I don't recall. I was
6 upset at --

7 Q. But what was --

8 A. -- Jackson, so...

9 Q. -- the -- I mean, what was the -- what -- what
10 would it achieve, in your mind? I understand you were
11 upset, but what would --

12 A. I -- I don't think it achieves anything.
13 There's really -- I don't know if there's -- I don't
14 think there's any achievement for it. I don't -- I
15 don't think there's any reason to do it or not do it,
16 so...

17 Q. Well, regardless of whether there's a reason,
18 I'm not saying -- asking you whether you think it was a
19 good idea or a bad idea or put you on a guilt trip. I'm
20 just trying to figure out -- at some point in time, you
21 obviously made a conscious decision to do that. You'd
22 agree --

23 A. Yes, sir.

24 Q. -- with that, wouldn't you, sir?

25 A. Yes, sir.

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2 Q. And obviously, you felt that by doing that you
3 would either harass or harm Jackson or Magnovo, for
4 whatever reason. How would they be harmed or harassed
5 by -- by that?

6 MR. SORDEN: Objection, calls for a legal
7 conclusion.

8 A. I don't --

9 MR. SORDEN: You can answer the question.

10 A. I don't know how they would be harmed by that.

11 Q. (BY MR. MARCONI) Okay. And presumably, you
12 stopped doing that?

13 A. I did.

14 Q. Okay. Incidentally, you also filed for a
15 trademark application, didn't you, on behalf of yourself
16 for the "Magnovo" name?

17 A. I did.

18 Q. And why did you do that?

19 A. Well, because at the time that I did that, I
20 had just been through days and days of depositions with
21 Rob Jackson and -- and Colette Johnston, and Rob
22 basically perjured himself under oath. He basically
23 said that he wasn't doing any business with -- with
24 Magnovo; he had done nothing with Magnovo during the
25 entire time that he was working for The Leader's

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2 I further certify that I am neither attorney
3 or counsel for, nor related to or employed by any of the
4 parties to the action in which this deposition is taken,
5 and further that I am not a relative or employee of any
6 attorney or counsel employed of any attorney or counsel
7 employed by the parties hereto, or financially
8 interested in the action.

9 CERTIFIED TO BY ME on this the 13th day of
10 July, A.D., 2016.

11
12 _____
Stacy L. Jordan, CSR, RPR, CRR, CLR

13 Texas CSR 7499

Expiration date: 12/31/2016

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